

**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION  
JOINT BOARD ON UNIVERSAL SERVICE  
CC DOCKET NO. 96-45/FCC 01J-2**

**REPLY COMMENTS OF THE NATIONAL CONSUMER LAW CENTER  
ON BEHALF OF MASSACHUSETTS UNION OF PUBLIC HOUSING TENANTS**

**FEBRUARY 28, 2001**

1. INTRODUCTION

The National Consumer Law Center (“NCLC”), on behalf of the Massachusetts Union of Public Housing Tenants (“MUPHT”), offers these reply comments in response to the solicitation by the Federal-State Joint Board on Universal Service (“Joint Board”) regarding the Lifeline and Link-Up programs for low-income customers.<sup>1</sup> The failure of NCLC and MUPHT to respond to particular comments offered by other parties should not be construed as agreement or acquiescence with any party’s positions.

2. REPLY TO VERIZON COMMENTS

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<sup>1</sup> 66 Fed. Reg. 54967 (Oct. 31, 2001).

Verizon’s comments are premised on some questionable assumptions regarding the purposes of the Lifeline/Link-Up programs and of the present proceeding. Verizon bases its recommendations and conclusions on its assertion that the primary, perhaps sole, purpose of Lifeline and Link-Up is to “increase telephone subscribership<sup>2</sup> among low-income individuals and households.” Comments, at 1. Taking this as the logical starting point, Verizon then criticizes the purported fact that “there is little correlation between Lifeline penetration and subscribership among low-income households.” *Id.* Verizon is thus critical in its comments of measures that may well increase enrollment in Lifeline/Link-Up but that do not also clearly increase overall telephone subscribership.<sup>3</sup> Verizon then argues against changing the default federal lifeline eligibility guidelines because even if this increases Lifeline penetration rates, this will “not translate into higher telephone subscribership among low-income households.” Comments, at 5. Verizon also opposes the expansion of automatic enrollment mechanisms because this will not increase overall telephone subscribership (*id.* at 6).

Verizon misreads the relevant statute and regulations and the stated purpose of this current proceeding. Congress has specified seven principles that the Commission and Joint Board must consider when establishing policies for “the preservation and advancement of universal service,” first of which is that “[q]uality services should be available at just, reasonable, and *affordable* rates.” 47 U.S.C. 254(b)(1)(emphasis added). Thus, Congress is concerned not only with the “advancement . . . of universal service” by increasing the rate of

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<sup>2</sup> By subscribership, Verizon means the percentage of a defined population that subscribes to telephone service, not the percentage that has enrolled in the Lifeline or Link-Up programs.

<sup>3</sup> Again, Verizon is very clear in its position that “higher telephone subscribership among low-income households is the goal of Lifeline.” Comments, at 5.

subscribership, it is also concerned about the “preservation” of service for existing customers and making services “affordable.” If the sole goal of universal service were to increase subscribership, there would be little need to offer lower Lifeline rates to households that already have telephone service. Yet the vast majority of all households that have received Lifeline discounts had telephone service long before they entered the program, as low-income subscribership rates already exceeded 80% as far back as 1984. See Verizon Comments, at 2.

Nothing in the Commission’s regulations suggests that reaching households currently without telephone service is the sole or primary goal of Lifeline/Link-Up. To the contrary, the regulations affirmatively require carriers to “[p]ublicize the availability of Lifeline in a manner reasonably designed to reach those likely to qualify for the service,” without limitation. 47 C.F.R. 54.405(b).

The solicitation of comments issued October 31, 2001 makes it clear that commenters should focus on methods that increase subscribership in the Lifeline/Link programs themselves, not just on methods that increase telephone subscribership. See, e.g., 66 Fed. Reg. 54969, col. 1 (“Specifically, commenters should discuss what steps have been taken to increase Lifeline/Link-Up subscribership in their respective states”). Further, the solicitation emphasizes “the goal of bringing *affordable rates* to low-income customers.” *Id.*

Verizon’s erroneous interpretation of the purpose of this comment docket could deflect the Commission’s attention from measures that would significantly increase the penetration of Lifeline/Link-Up among eligible households. This would hinder the statutory goal of making “quality services . . . available at . . . affordable rates.” 47 U.S.C. §254(b). For example, in the

same section in which Verizon discourages the Joint Board from recommending or adopting the use of automatic enrollment techniques, it touts the purported success of social service agency-based enrollment programs in New Hampshire, Michigan, Hawaii, and New Jersey. Yet three of those states (New Jersey, New Hampshire and Michigan) rank in the bottom half of the nation in terms of Lifeline penetration rates, as calculated by NCLC/MUPHT,<sup>4</sup> and none of these states is in the top ten in terms of penetration rates, using either NCLC/MUPHT's numbers (Attachment A of its initial comments), Verizon's numbers (Verizon comments, Attachment B), or the numbers provided in the Universal Service Administrative Company's comments. Verizon also ignores that some of the most successful states in terms of penetration rates (California, Maine, New York, Massachusetts) use electronic enrollment, highly targeted marketing, self-certification, or some combination of these techniques. The Joint Board should be looking at what these states that have very high Lifeline penetration rates are doing and follow their models rather than focus on the methods used by states that have been far less successful.

### 3. REPLY TO USAC COMMENTS

NCLC and MUPHT generally commend the Universal Service Administrative Company ("USAC") for the thoroughness and usefulness of the data and information included in its

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<sup>4</sup> See NCLC/MUPHT Comments, Att. A (Dec. 28, 2001). NCLC/MUPHT compared the number of Lifeline households in each state to the number of LIHEAP eligible households. "LIHEAP" is the Low-Income Home Energy Assistance Program referenced in 47 C.F.R. 54.409(b). Because the U.S. Department of Health and Human Services has current (2000) information on the number of LIHEAP households by state, NCLC/MUPHT used these numbers as a reasonable basis for comparing the relative success of each state in enrolling eligible households in Lifeline. Note that the Universal Service Administrative Company in its comments used a comparable methodology to determine penetration rates by state, but used the number of households in the Medicaid program in 1998, rather than the number of households on LIHEAP in 2000 as the denominator.

comments. NCLC and MUPHT, however, note that the discussion of Massachusetts outreach efforts (USAC comments, at 13) overlooks an important aspect of that state's program. As NCLC and MUPHT noted in their initial comments, at 6, Massachusetts conducts electronic enrollment of LIHEAP recipients. In Massachusetts, households that qualify for the Low-Income Home Energy Assistance Program can voluntarily give their permission, at the time of application, for the LIHEAP-administering agency to disclose information to Verizon that allows the household to be enrolled in Lifeline. Thus, enrollment is not "automatic" in the sense of being done without the household's permission, but it is done electronically in most cases. This facilitates enrollment, and the results are evident in the relatively high penetration rate of Lifeline in Massachusetts.

It is worth noting that Massachusetts also electronically enrolls LIHEAP recipients on electric and gas discounts comparable to the Lifeline telephone discounts. Electronic enrollment has proved so successful that the state Department of Telecommunications and Energy has opened a docket to determine whether agencies other than the one that runs LIHEAP (that, is agencies that operate food stamps, TANF, housing subsidy programs, etc.) could set up similar electronic enrollment protocols with the telephone, electric and gas companies in Massachusetts.

MA DTE #01-106. NCLC and MUPHT again urge the Joint Board to view electronic enrollment as perhaps the single most effective tool for increasing the penetration rate of Lifeline.

4. CONCLUSION

NCLC and MUPHT urge the Joint Board to adopt their recommendations.

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